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GENERAL

1. British to take action on Corfu Straits incident -- According to US Embassy London, the British Government has now decided to present a "strong note" to Albania within the next few days protesting the Corfu Straits mining incident (see Daily Summary of 26 November, item 2). If, after a limited time, no satisfactory reply has been received, the British intend to take the issue before the UN Security Council.

EUROPE

2. GREECE: Political crisis possible during Tsaldaris' absence -- US Embassy London has been informed by a Foreign Office official that the British Embassy Athens feels Tsaldaris may have dug his "political grave" by going to the US, as it is possible that a coalition government under Sophoulis might be formed during his absence. The Foreign Office official added that the King is taking all steps he "properly can" to form a more liberal government.

Montgomery advises reorganization of Greek Army--US Embassy Athens reports that Field Marshal Montgomery has strongly advised the Greek Government to convert the whole Greek army into forces specially trained and equipped for bandit fighting to take the field in the spring and eradicate the banditry. "If it isn't done," Montgomery remarked, "Greece is lost."

- 3. BULGARIA: Situation on Greek border--According to US Representative Barnes in Sofia, US and UK military officials there agree that conditions on the Bulgarian-Greek frontier will soon be similar to those on the Albanian-Greek and Yugoslav-Greek borders.
- 4. POLAND: Communist-Socialist relations -- Mikolajczyk has told US Charge Keith that the Socialists failed to obtain anticipated concessions from the Communists as a result of the recent agreement between the two Parties. and accepted "obligations which go far toward eliminating their independence as a party.'

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TOP SECRET

- 5. RUMANIA: Government reaction to strength of Opposition—US Representative Berry reports that the Groza Government was "severely distillusion—ed" by its lack of support even from trusted adherents in the recent elections. The adverse vote was so heavy that the Government falsified the results only after receiving direct orders from Moscow. Berry states that, according to reliable reports, the National Peasant Party alone received 70% of the total vote, with only 8% going to the Government bloc. As a result of the Opposition strength, the Communists may abandon their plans to hold elections for a Constituent Assembly.
- 6. ITALY: <u>Jewish terrorists reported using UNRRA camps</u>—US Charge Key has reliable reports that Jewish terrorists are using UNRRA camps as "shields" with the connivance and active support of Jewish UNRRA employees (see Daily Summary of 23 November, item 5).

Reciprocal air rights with USSR--The State Department has instructed US Embassy Rome to advise the Italian Government confidentially that the US will support Italy's "insistence" on reciprocal air rights in the proposed Soviet airline to Rome. Should the objection be raised that according to the Armistice terms Italy is prohibited from operating external air routes prior to the conclusion of the Peace Treaty, the US is "prepared to seek favorable action by the Combined Chiefs of Staff" toward removing such prohibition.

FAR EAST

7. CHINA: Transition to Constitutionalism in the balance—US Ambassador Stuart reports that the Draft Constitution presented to the Chinese National Assembly seems a "reasonably good document which in general follows the principles laid down by the Political Consultative Council agreements." A growing revolt, apparently organized by the Kuomintang's ultra-conservative CC clique, seeks to increase the Executive's powers by relieving him of responsibility to the elected Legislature. Success of this revolt, according to Stuart, would play into the hands of traditional Chinese authoritarianism, whereas adoption of the present Draft would encourage development of popular responsibility for the actions of the government. Stuart adds that, whether the Assembly and Constitution will prove to be "just another sham" or whether the Generalissimo will throw his weight behind abolition of one-party dictatorship, "remains to be seen."

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TOP SECRET CONFIDENTIAL!

8. FRENCH INDOCHINA: Prospects for peaceful transfer of territories—US Naval Attache Bangkok believes that the transfer of border territories from Siam to French Indochina will be completed without major incidents, except for possible clashes in one small area. The Attache adds, however, that Free Cambodian groups appear to be committed to civil war against the French as soon as the transfer is accomplished.

THE AMERICAS

9. BOLIVIA: Argentine border discrimination reported—US Embassy La Paz states that Bolivia has made an official complaint to the Argentine Government concerning alleged detentions of Bolivians and the partial closing of the Bolivian-Argentine frontier.